

Congress of the United States
Washington, DC 20515

July 22, 2008

Co-Sponsor the Fair Disaster Tax Relief Act

Dear Colleague,


Every year, many of our constituents have their homes, businesses, and lives destroyed by natural disasters. Despite the magnitude of these events, Congress has only provided tax relief for affected individuals in an ad hoc fashion. Last year, presidential disaster areas were declared in 32 states. Congress, however, only provided one state with disaster tax relief, neglecting deserving individuals in 31 other states.

To help people rebuild their homes, businesses, and lives, I am introducing the Fair Disaster Tax Relief Act to provide consistent and fair disaster tax relief to any taxpayer that suffers economic loss as a result of a presidential disaster. Specifically, the Fair Disaster Tax Relief Act would:

- Allow disaster victims to write off and immediately recover demolition, clean up, repair, and environmental remediation expenses. Under current law, taxpayers may be required to capitalize these expenses and recover the costs over an extended period of time.
- Reform casualty loss rules to allow more disaster victims to claim individual property losses. Under current law, taxpayers can only claim a loss that exceeds \$100 and 10 percent of the taxpayer's adjusted gross income. This bill would waive the restrictive 10 percent rule, raise the \$100 floor to \$500, and allow non-itemizers to use these losses as a standard deduction.
- Extend from two to five years the time period taxpayers can claim casualty losses or qualified disaster expenses. When taxpayers carry losses back to prior years, they receive a refund of the taxes that they paid in the earlier year. This prompt refund can help them reinvest in their businesses or make ends meet in the aftermath of a disaster.
- Permit states to issue tax-exempt bonds to finance low-interest loans to taxpayers whose principal residence has been damaged as a result of a disaster. Disaster victims could use these low-interest loans to repair or reconstruct their homes.

Presidential disaster areas have been declared in 25 states this year. The victims of these disasters deserve consistent and fair tax relief. This legislation is retroactive to January 1, 2008.

To become an original cosponsor of the Fair Disaster Tax Relief Act, contact Ryan Nilsestuen (x5-5506) on my staff by COB Thursday, July 24, 2008.

Sincerely,


Ron Kind
Member of Congress